

**City of New Richmond
Fiscal Year 2013
Budget Book**

**Prepared by City Administrator/
Utility Manager**

**Mike Darrow
November 8, 2012**

Prelude

Crafting City budgets is a team effort and comes with a lot of conversations, agreements and, at times, disagreements. Generating this budget book for City Council consideration took a collective effort from our City Supervisors and City Staff. I am extremely proud of the commitment that each Supervisor showed during this budget process. I am equally impressed with the level of staff that we have within the City of New Richmond. Their collective effort, energy and commitment to the City of New Richmond and our taxpayers and businesses are reflected throughout this document.

I would like to especially thank City Treasurer Bev Langenback and Utility Finance Director Nancy Petersen for their extra effort in being a part of our financial management team. Beyond their energy and expertise, they were counted on throughout this budget process to provide guidance and direction.

Thank you for all you do for the City of New Richmond!

Mike Darrow
City Administrator / Utility Manager

Budget Book Purpose

The purpose of the 2013 budget book is to provide elected officials, staff, community members and stakeholders with an overview of the City of New Richmond 2013 Fiscal Year Budget by department. The City's final budget can be viewed by visiting our website at www.newrichmondwi.gov.

2013 Budget Process and Transparency

The 2013 budget process began in June 2012 with internal and external meetings and updates. A major component was discussing the budget process, existing conditions and short-term and long-term goals with community members, elected officials and staff throughout the budget process.

A series of special work-session meetings was developed with Council members beginning in June 2012. Additionally, budget meetings were also held with all city staff, commissioners and board members to allow greater input and feedback into the process.

Finally, the general public was invited to attend budget meetings from 3:00-4:30 pm each Wednesday throughout the summer months to discuss the budget process in person with the City Administrator and City Treasurer. A special "2013 Budget Process" tab was also placed on the City's website to invite community members to better understand the budget process.

Key Staff

Key staff involved during the 2013 budget process included City Administrator Mike Darrow, City Treasurer Bev Langenback and Utility Finance Director Nancy Petersen. Throughout the budget process, City Supervisors met on several occasions with our budget team to provide guidance, offer suggestions and discuss budget outcomes and goals. The budget team also met with employees from each department to discuss the budget process and answer questions.

Staff input

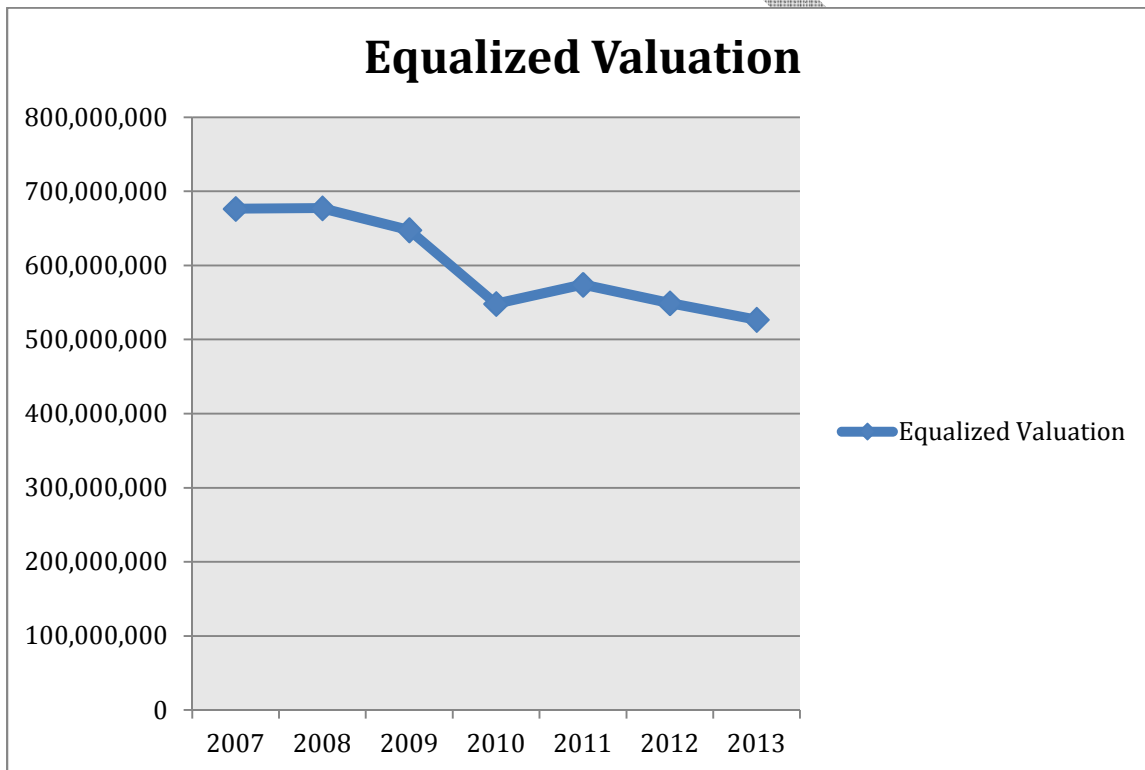
As part of the one-on-one process or as a group, staff was instrumental in the creation of this budget. The budget team extends our appreciation to City staff within each department for their on-going efforts to control costs and work in a safe and professional environment.

Existing Conditions

There are several key factors that have significant financial impacts on the City of New Richmond's budget and overall financial health. Among them include the on-going volatility of the City's health insurance, the negative balance of several of the City's Tax Increment Districts (TID's), the reduction of state aid for roads and shared taxes, rising costs for supplies and fuel, and an economy that has hindered job growth, business expansion and building permits.

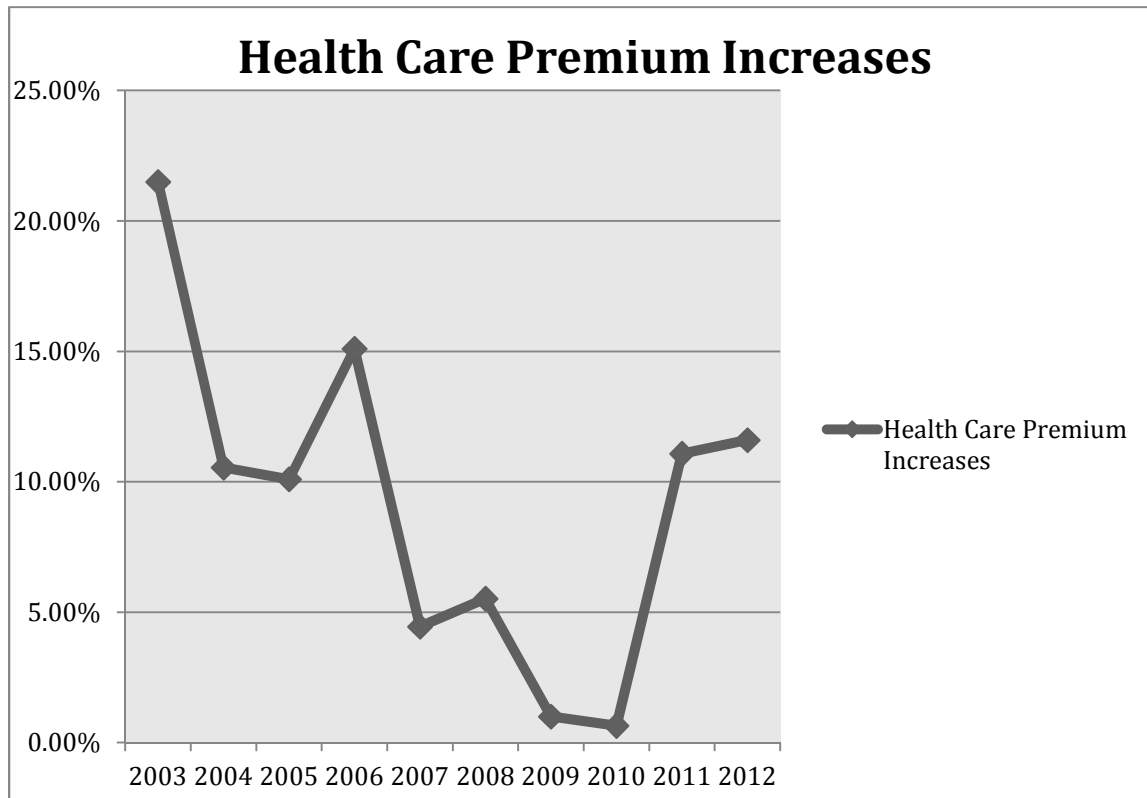
The following bullet-points highlight Fiscal Year 2012 in both decreased revenue and increased expenses:

- The City's equalized valuation has decreased an average of 4.05% since 2007. This amounts to a decrease in both real and personal property throughout the City of New Richmond. We anticipate similar decreases throughout the next couple of years.



- Increment valuations have dropped significantly in Tax Increment Districts (TID) 6 and 7. This amounts to a reduction in increment valuations of over \$2,000,000
- The City of New Richmond has seen a significant decrease in State Aid from 2010-2012. *certain aid for roads have been re-allocated in 2013- See * page 8

- Fuel costs as well as other essential service charges have risen by about 76% since 2009
- Unfunded mandates like additional recall elections have amounted to approximately \$20,000 in additional and unexpected expenditures in 2011 and 2012
- Health insurance costs have risen by over 10% since 2010. In 2013, the City will see an increase of 11.7% in total health insurance costs from 2012



2013 Budget Goals and Observations

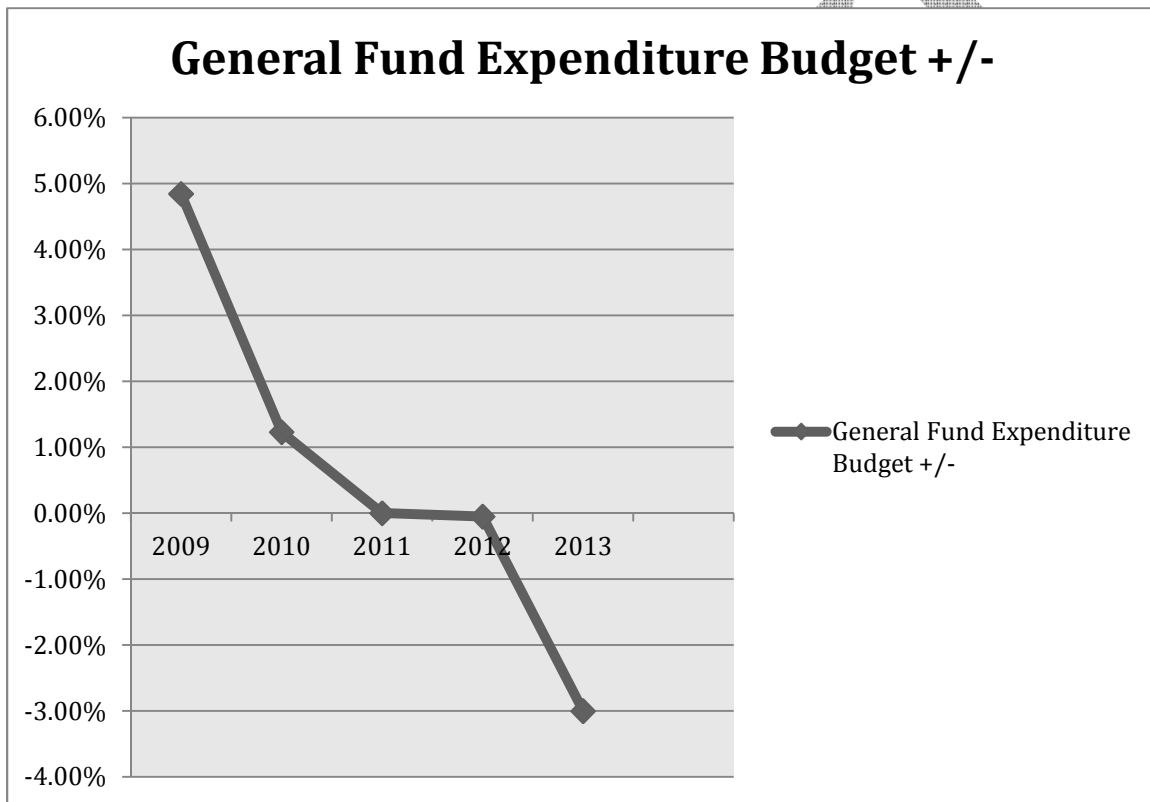
In August 2011, the New Richmond City Council adopted three primary goals as a part of their strategic plan. These goals included:

- Decrease tax levy by 2%
- Increase the overall commercial and industrial tax base by 1%
- Development of shared program costs and initiatives within the cultural, recreation and library budgets

Beyond the 2011 goals set forth by the City Council, an additional goal for 2013 was to maintain the same level of services that the community has come to rely on as well as maintain all full time employees. In order to meet the goals set forth by the City Council as well as by City Administration, the following key objectives have been met within the 2013 Budget:

- Proposed wage freezes for every City of New Richmond employee for 2013
- Reduction of seasonal positions and a shift to greater community involvement and volunteerism in certain recreational areas
- Greater focus on grant writing, completing projects in-house (Small Area Plan, Park Plan, Zoning Ordinance, Library Needs Analysis, etc.) and fundraising with a net savings of approximately \$80,000
- Eliminating redundancies within the City of New Richmond
- Streamlining of vendors and contractors which will reduce overall costs

The following table outlines the City's levy history. If the Fiscal Year Budget is approved, the City's overall operating levy will be significantly lower than in all previous years.

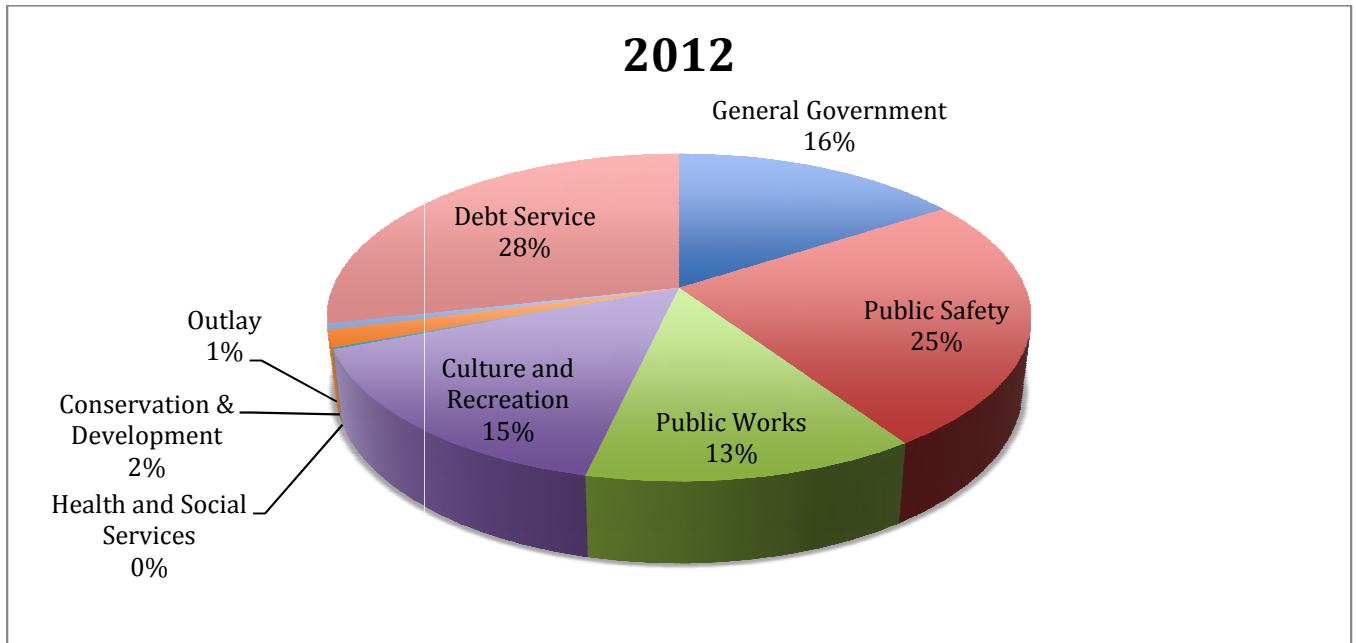


A decreased levy will mean a reduction in the amount of City taxes owed by business and property owners within the City of New Richmond. Currently the City of New Richmond has one of the highest mill rates within St. Croix County. By reducing our levy we hope to lower the City's mill rate which is calculated by determining how much revenue each taxing jurisdiction will need for the upcoming year.

Departmental Review

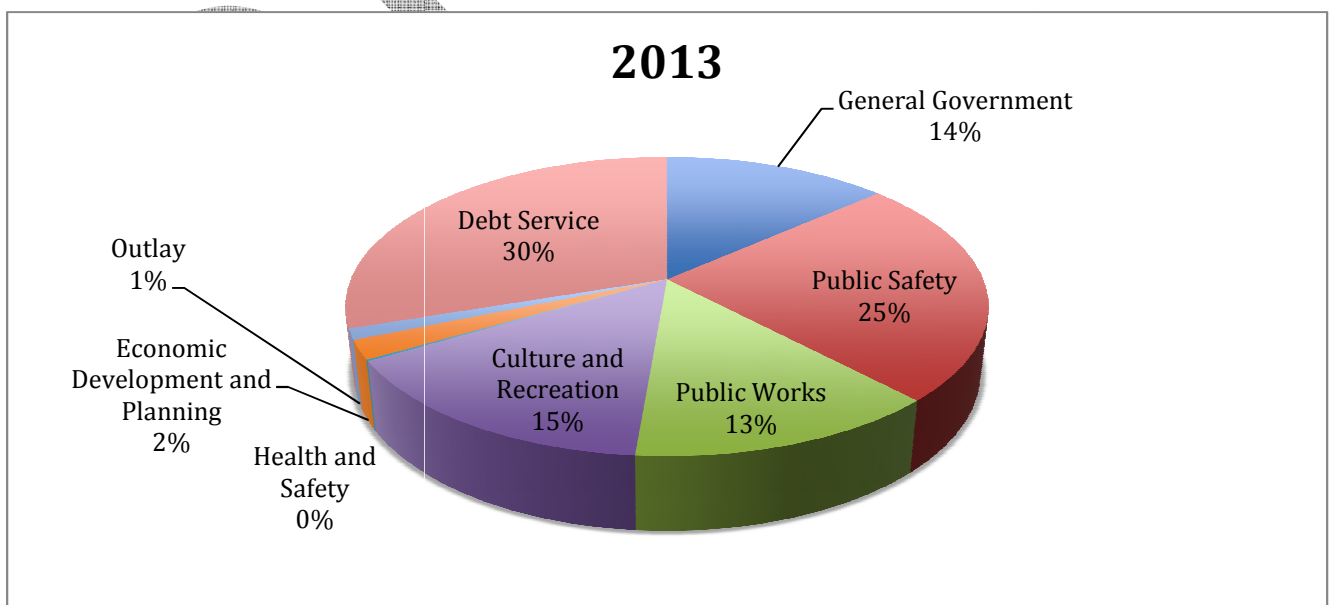
The following section provides a brief overview of each department's Fiscal Year 2013 budget. The pie charts breaks down the percentages of the operating expenditures by

department for the City of New Richmond. Additional detail can be found in the comprehensive budget report that is attached to this budget book.



Due to stream-lining of services, freezing of salaries and commitment to reduce redundancies within overall operations, many departments are showing a reduction in overall budgets.

The biggest difference between 2012 and 2013 is the amount of overall debt service payments that will be required in 2013. As part of the refinancing plan, the total debt payment in 2013 will increase by 8%. As new development occurs within TID 6, additional payments will be offset by additional taxable revenue.



Budgeted Revenue

Below are some of the key aspects of the 2013 revenue budget:

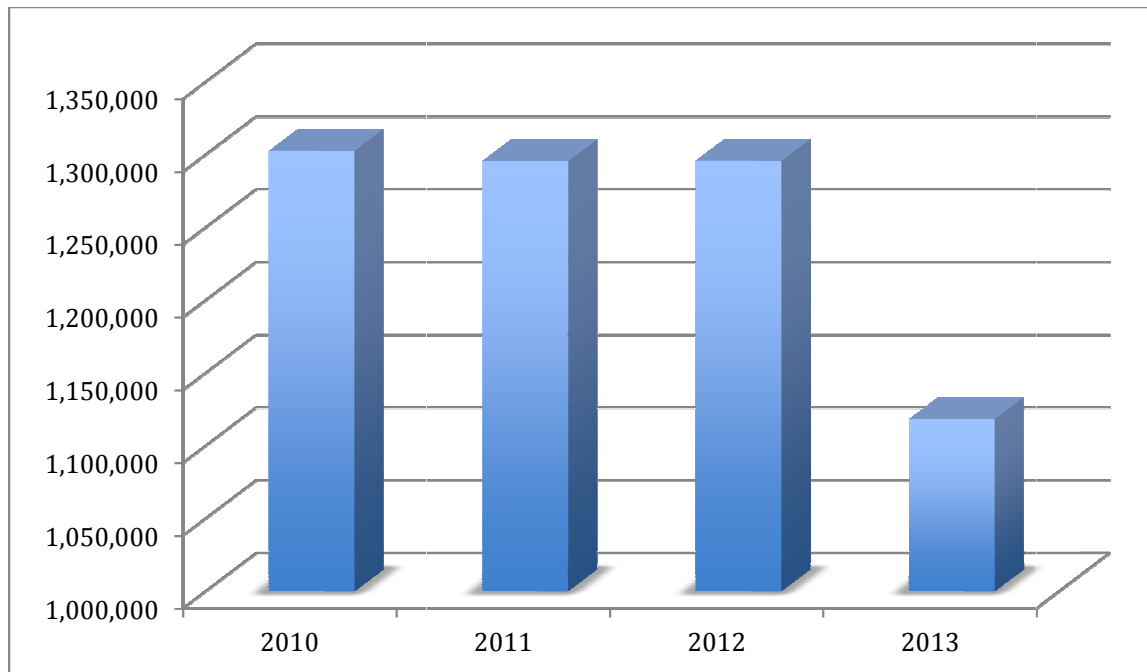
- A small increase in both taxes other than property and intergovernmental revenues in 2013. * We anticipate an increase in State Aid for road allocation in 2013
- Slight decrease in regulation and compliance revenue from 2012 levels
- A 9.34% increase in public charges for services. The City will increase rent for the Utility department by \$5,000 in 2013 and hopes to rent out additional space within City Hall in the coming year
- Public improvement revenue will see a decrease of 65% due to the termination of the bond assessment funds in 2012
- Miscellaneous revenue is also down in 2013 by 24%

Overall, revenue in 2013 is down less than 1% from 2012 levels. Our hope is that as the economy improves and businesses expand or develop within the City of New Richmond, revenue will begin to increase, which will result in an overall increase in revenue in 2014.

Budgeted Expenditures

General Government

General government is made up of several key functions within the City of New Richmond. Among them include the City Council and Mayor, City Administrator, Finance, City Clerk, Building Inspector and IT Departments as well as the City Attorney, Assessor contract, auditing, and mapping services. In 2013, the City anticipates an expense reduction within General Government of approximately -13% from 2012 figures. The total budget will be \$1,123,458.10. The graph below is a comparison of the budget from 2010 to 2013.



Key attributes for the General Government budget expenditures include:

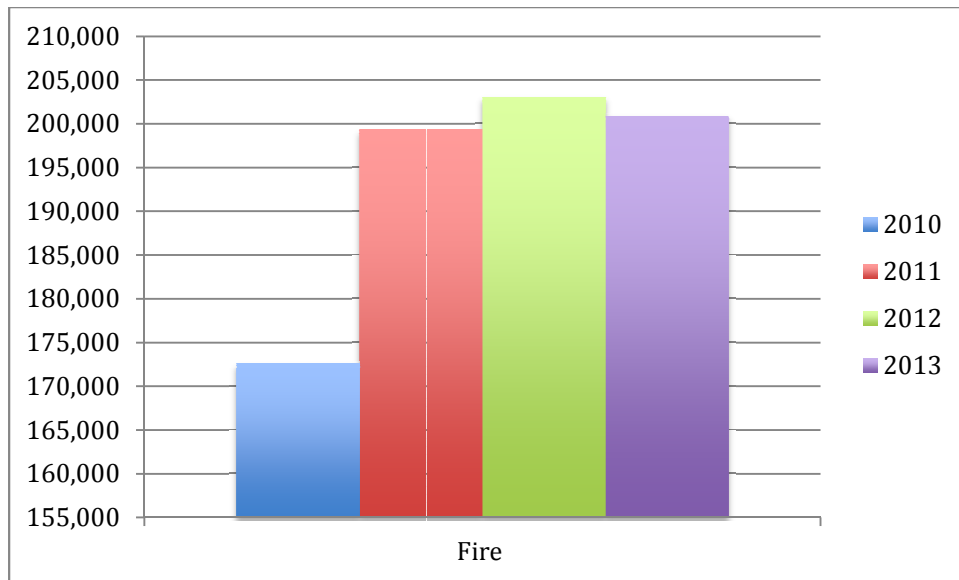
- Not replacing the Clerk /Treasurer position
- Reduction in Building Inspection expenses
- Wage freezes for all employees in 2013

Public Safety-Police Department

The major change in the Public Safety-Police Department budget expenditures from previous years is the move to the new police building in 2012. Updated figures regarding the Police will be provided before December 10th, 2013. The City Council will be updated with information related to negotiations prior to December 10th.

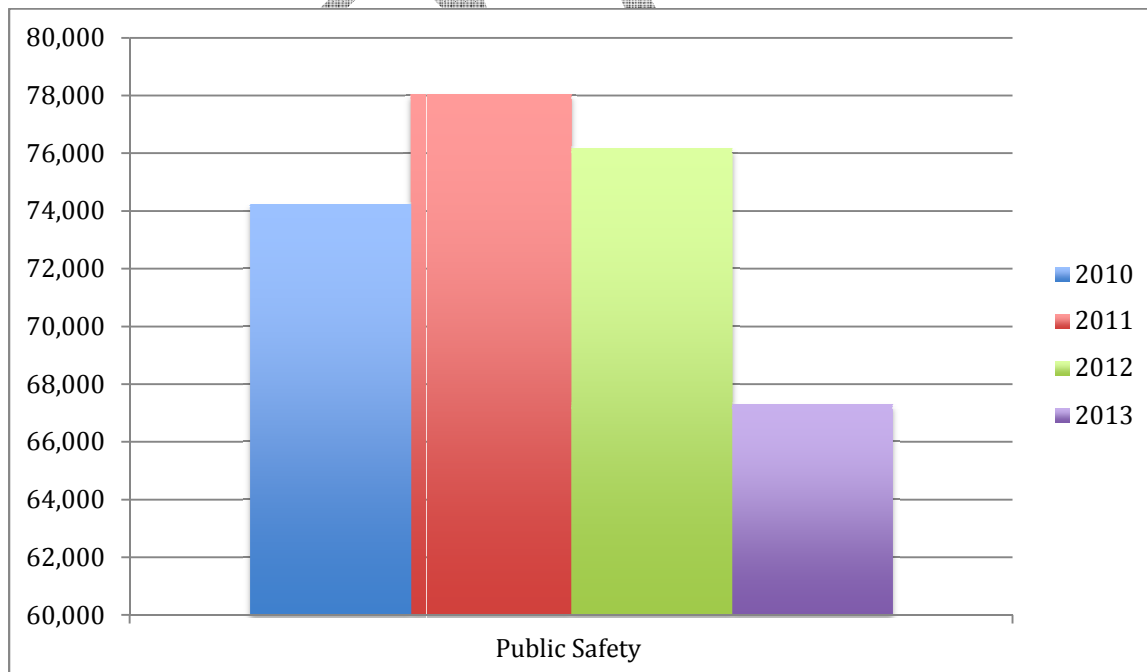
Public Safety- Fire Department

The budget expenditures for Public Safety-Fire Department will see a slight decrease of 1.04% from 2012. Like all other departments, wages will be frozen in 2013 which allows for a slight decrease in the overall budget.



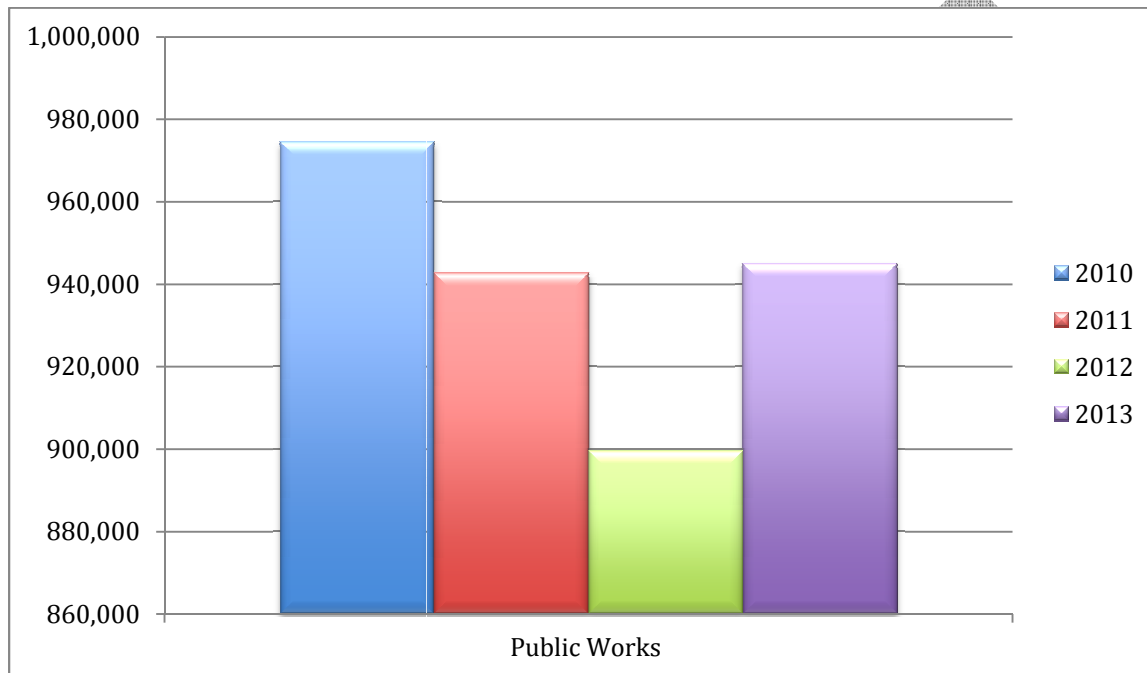
Public Safety- Miscellaneous

The budget for Public Safety- Miscellaneous shows a decrease of 11.63%. The majority of this decrease comes from a reduction in the amount spent on emergency government. Beginning in 2013, additional responsibilities within emergency government will be shared throughout other departments and staff. A two-year transition plan will also be developed to ensure that public safety and emergency management are maintained and kept as one of the City's highest priorities.



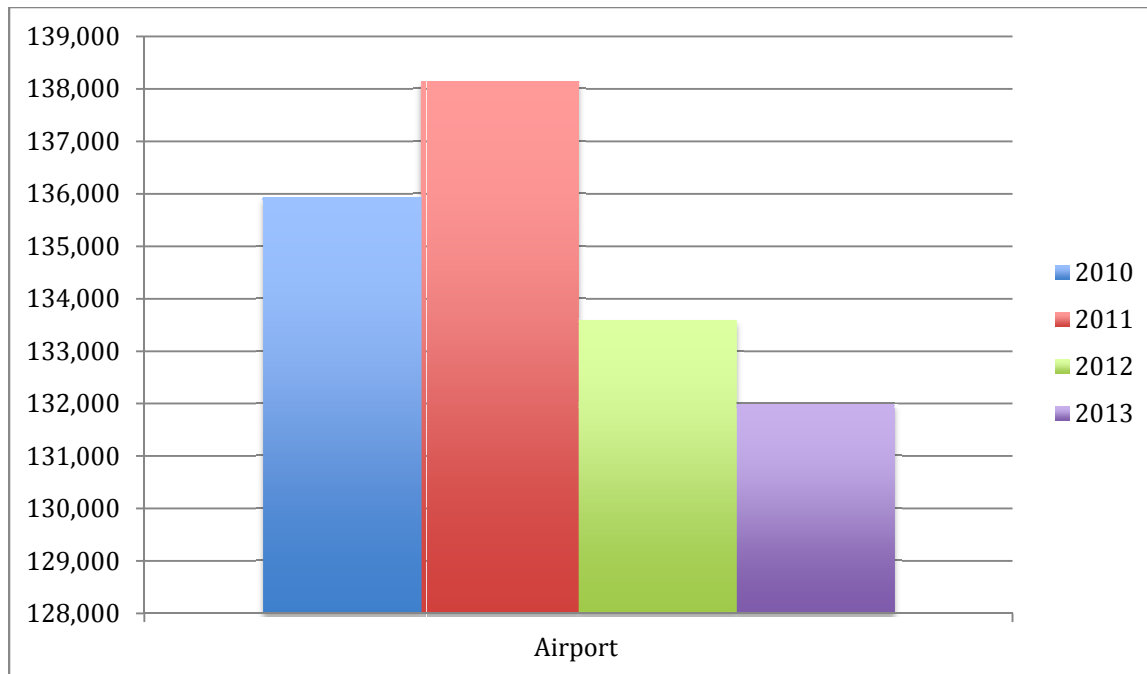
Public Works- Street Department

The budget for Public Works-Street Department will see a slight increase of 5.06% in 2013. The biggest increase within the Public Works-Street Department budget expenditures was in street lighting. In 2013, this line item better reflects the overall costs associated with street lighting. (In each of the previous years, street lighting was well over the projected budget). Additional changes in 2013 include a 5% contribution from the water and sewer utilities to cover a portion of the salary for the Street Superintendent/Engineer.



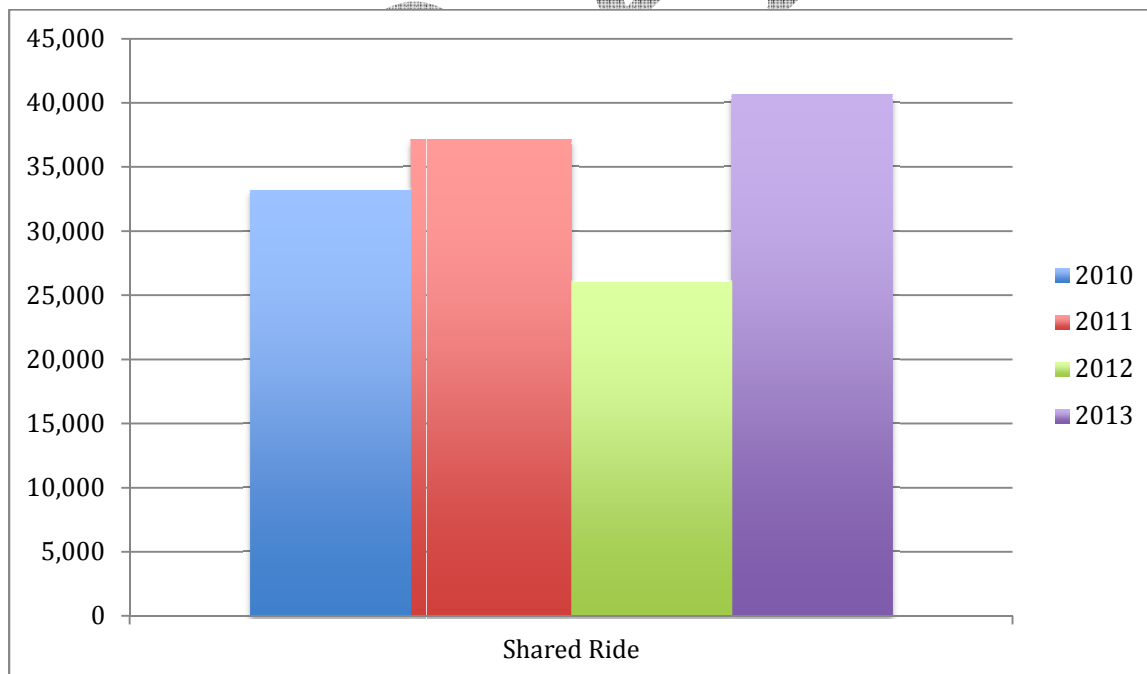
Public Works- Airport

Budgeted expenditures for the City's Airport will decrease by 1.21%. The primary reason for this change is the freezing of salaries in 2013. No other significant organizational changes are being proposed as part of the Airport 2013 budget.



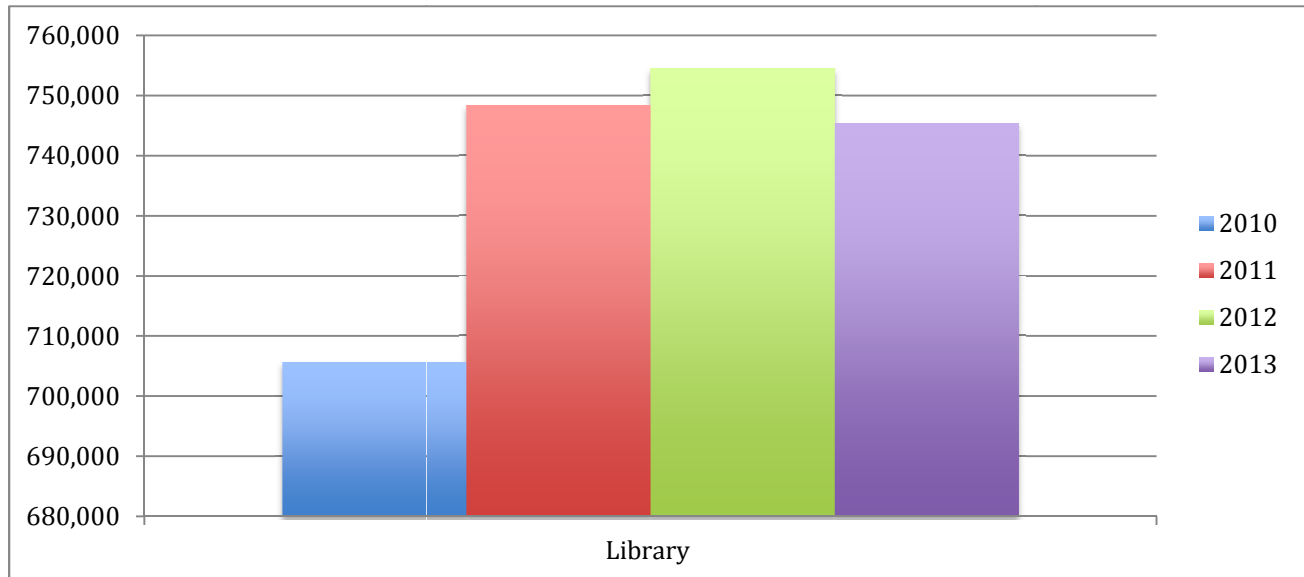
Public Works- Shared Ride Taxi

The City's contribution to the Shared Ride Taxi program will see a significant increase of 56.45% to more accurately reflect the City's share of program costs.



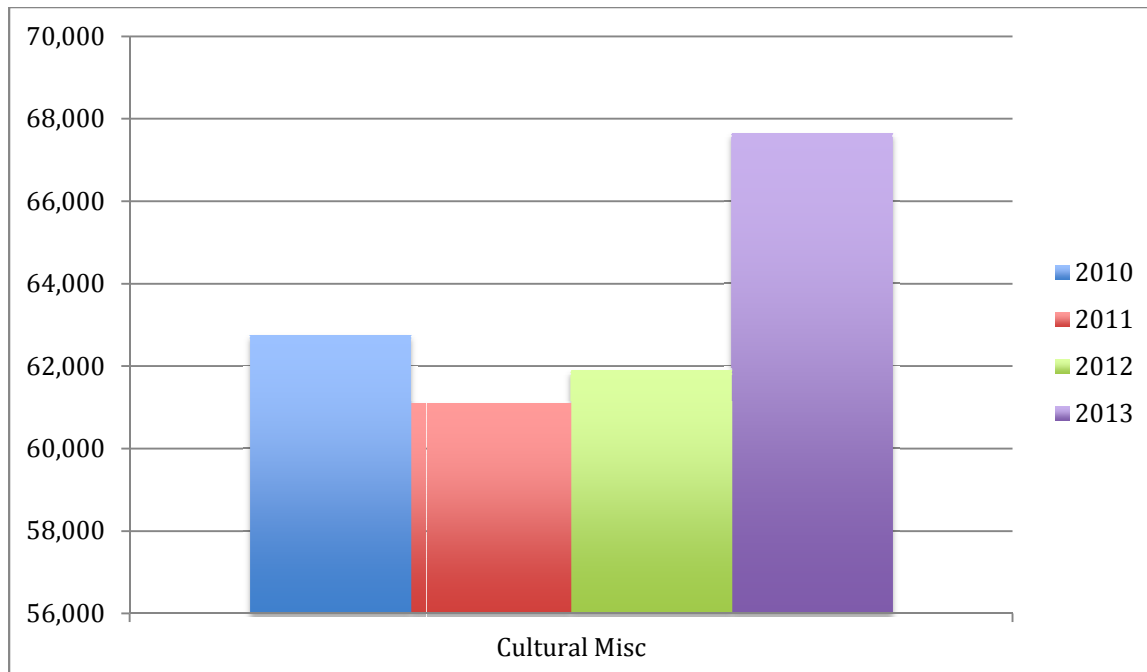
Library

The New Richmond Public Library will see a slight decrease of -1.22% in 2013 budget expenditures from the previous year. Much of this decrease is attributed to freezing of staff salaries as well as a reduction in operating supplies.



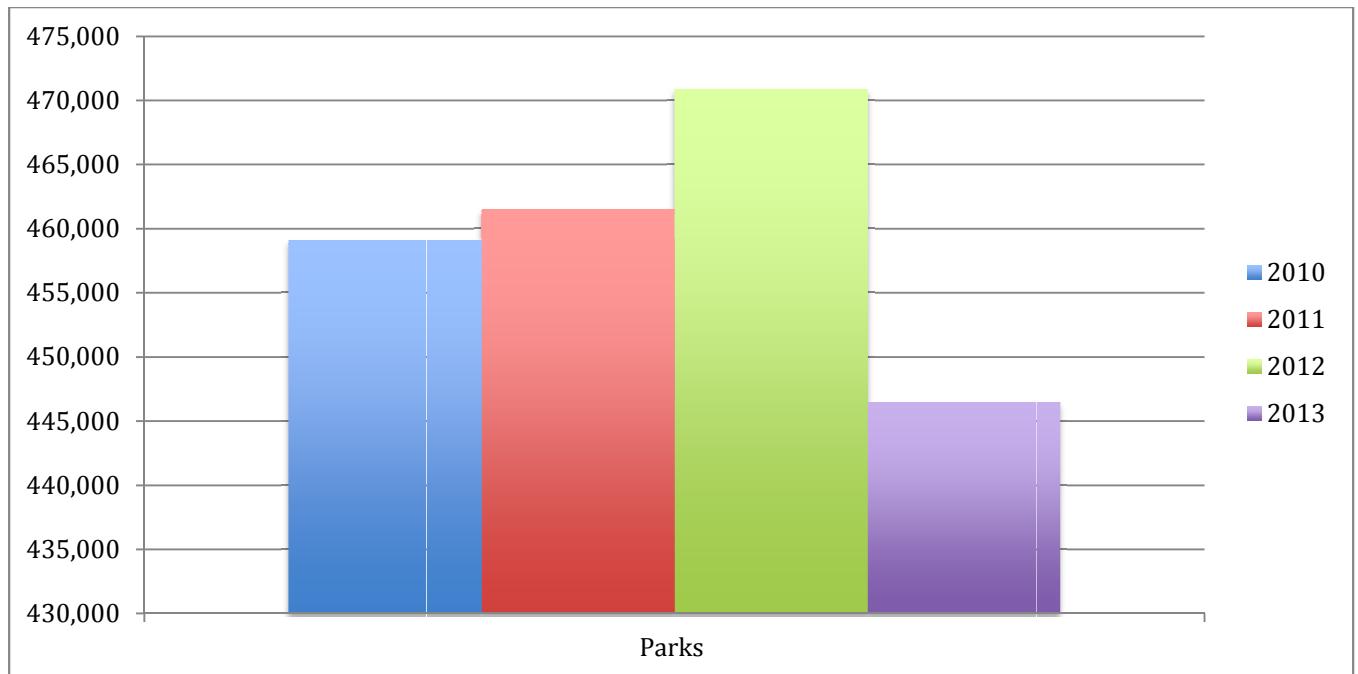
Cultural/Recreational and Education Miscellaneous

The budget expenditures for Cultural/Recreational and Education Miscellaneous will see an increase of 9.29% in 2013 due to additional contributions to the Senior Citizens Center, VFW Post and New Richmond Cemetery. We will recommend that these increase amounts be approved as a part of the 2013 budget and remain at these levels for 2013, 2014 and 2015. The Cable TV contribution is also increased from \$14,000 to \$16,000.



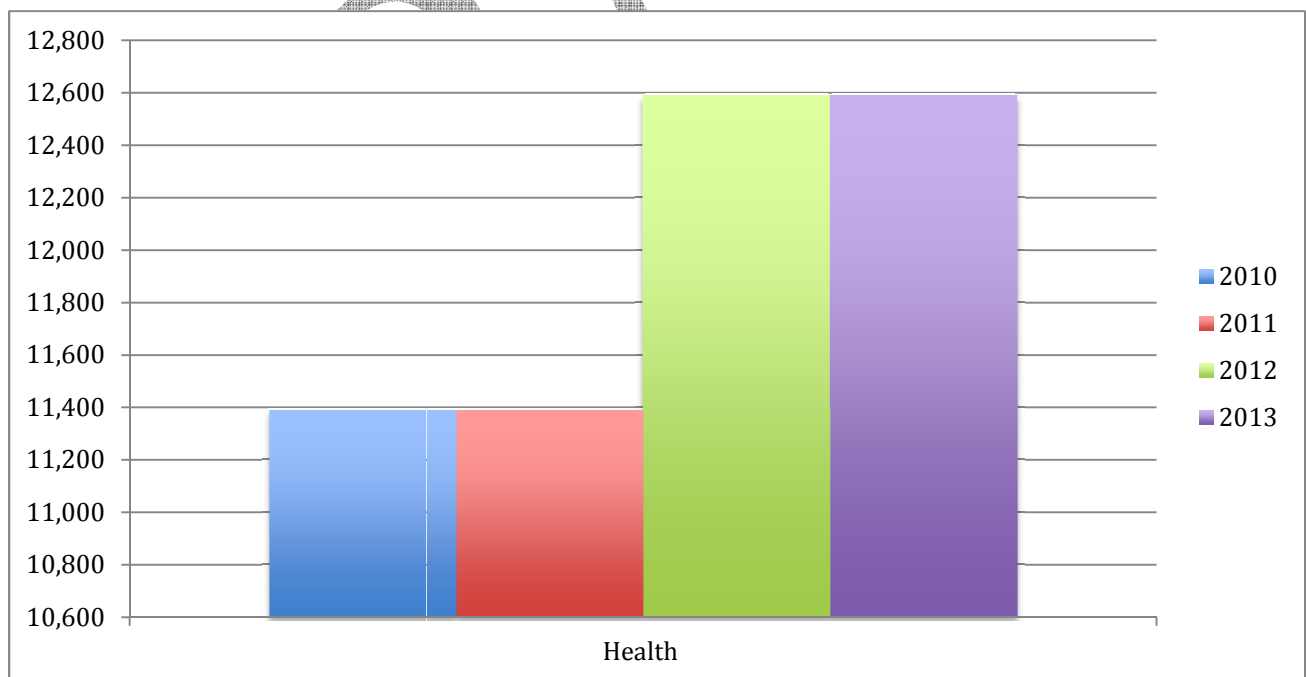
Parks and Recreation

The 2013 Park and Recreation budgeted expenditures will see a slight decrease of roughly 1%. Much of this decrease comes from the elimination of two seasonal positions. The City's seasonal gardener position will also be moved to the City's general government fund. It is anticipated that the City can begin to see additional savings in community supported events and shared costs related to flowers throughout the City. It is important to note that when combined with other cultural services (library, contributions to other organizations), the appropriated budget percentage of 15% hasn't changed from 2012. (see page 7).



Health and Social Services

No changes are being proposed for the Health and Social Services budget expenditures. Funds associated with this line item include the City's health officer, animal control officer and animal control costs.

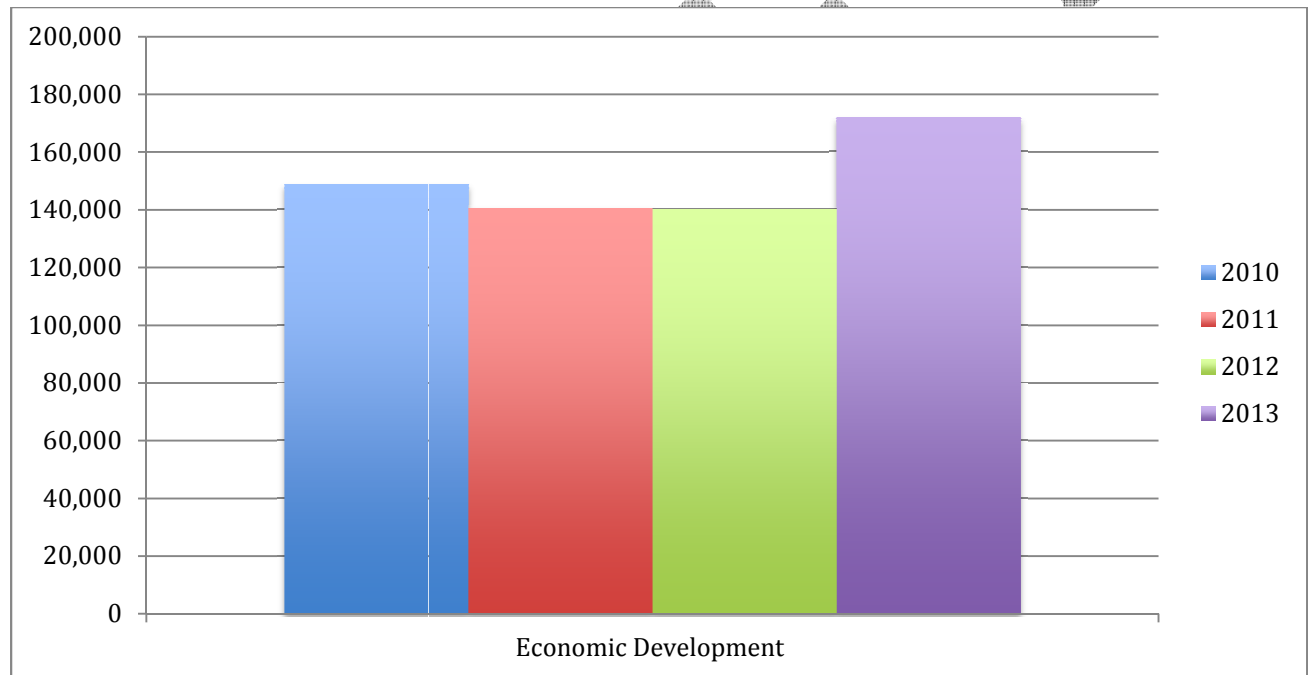


Economic Development and Planning

Economic development and planning make up 2% of the City's total budget. In 2013 we have combined Planning with Economic Development. This department will see an increase from 2012 figures because of this combination.

Major expenses include \$30,000 for economic development costs which were outlined as part of the City's 2012 Marketing Study. These funds will be utilized for website updates, marketing and branding throughout 2013. Please note that this is a 100% increase from 2012. (In 2012 these types of funds were funded through TID 6). We have also eliminated a total of \$30,000 in consulting fees from 2012 (taken from TID 6).

The City will also utilize funds for economic development memberships as well as on-going training in Form-Based Code and code updates. We have also eliminated the intern position within this department for 2013.



Other Financing Uses/Transfers

This line item is for the City's share of costs totaling \$17,200 associated with the old landfill contamination issue.

Outlay Expenditures

Capital outlay expenses for 2013 will increase by 74% in 2013. Key elements within this line item include:

- \$8,200 for the City's share of bunker gear washer equipment for the Fire Department
- \$5,000 for Street Department to purchase concrete breaker equipment
- \$7,800 for Airport runway sealcoating and crack-filling improvements
- \$13,000 for Park mower equipment and hospital trail blacktop improvements
- \$65,000 in funds that will be set aside for outlay improvements in 2014. This will include police vehicles and other city-wide equipment

Debt Service

The budget for debt service in 2013 is anticipated to increase by 8.25%. The main reason for this increase is the increase in debt payments needed for TID 6 and TID 8. TID 6's debt structure which was refinanced in 2006 shows a significant debt payment beginning in 2013.

Conclusions

Below are the conclusions of the 2013 Budget:

Budgeted Revenues -

General Property Taxes	Operating Levy	-3.307%
Total Revenues		-0.024%

Budgeted Expenses-

Total Expenditures		-0.024%
Operating Levy		-3.307%
Debt Service Levy		0.425%

Total Operating Levy Reduction in 2013 **-2.025%***

* The 2013 Fiscal Year Budget meet's the City Council's Strategic Plan Objective of at least -2%.